Zetrix AI (ZETRIX MK)

Impending Blockchain Monetisation

BUY (Maintained)	
Share Price	RM0.785
Target Price	RM1.56
Upside	98.7%

Highlights

- Zetrix presented at our Malaysia Gems Conference 2026 hosted in Kuala Lumpur last week. The sessions received commendable interest from various institutional investors.
- Zetrix's two new developments – "Avatar" and setting up a new global data exchange – are expected to deepen the group's blockchain and AI use-cases.
- Ramp-up of various blockchain-related services and potential spin-off of web3 business remain key catalysts for the group. Maintain BUY; target price: RM1.56.

Analysis

- **Launching "Avatar", a new agentic AI ecosystem with CAICT's Astron.** Earlier this week, Zetrix launched "Avatar" with the China Academy of Information and Communications Technology (CAICT). "Avatar" is a new AI platform which allows any individual to train a Personal Knowledge Model (PKM) to represent them digitally. Key features include a trust protocol by CAICT to verify the credentials and security of AI agents. We understand that Zetrix can monetise from a subscription fee of US$49/month, alongside PKM creation, percentage sharing of commercial interactions, deceased-person Avatar management and white label licensing.
- **Potential spin-off of web3 business as SPV for listing remains a key catalyst for 2026.** We understand that Zetrix intends to create a special purpose vehicle (SPV) which contains all Zetrix cross-border businesses on a Layer-1 blockchain such as Ztrade, Robotics, Nur AI and others, with the aim of listing them on Nasdaq via a special purpose acquisition company. In a recent round of pre-listing financing, the SPV is raising US$100m at estimated US$3b/RM12b valuations. Following completion of this exercise (in 4Q26), the group may pare down its debt and unlock value for existing shareholders, and allow for better cash flow as capex may be largely reduced from the current RM800m-1b/year run-rate to RM400m-500m.

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	ZETRIX MK
Shares issued (m)	7,801.0
Market cap (RMm)	6,273.4
Market cap (US$m)	1,590.5
3-mth avg daily t'over (US$m)	12.0

Price Performance (%)

52-week high/low				RM1.0/RM0.70
1mth	3mth	6mth	1yr	YTD
0.6	(4.7)	(13.4)	(15.2)	0.0

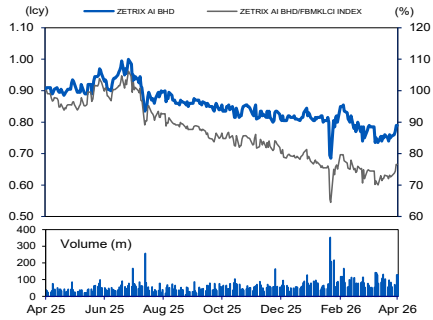
Major Shareholders %

Wong Thean Soon	14.63
Asian Internet Holdings	14.39
Kumpulan Wang Persaraan Diperbadankan	4.91

Balance Sheet Metrics

FY25 NAV/Share (RM)	0.6
FY25 Net Debt/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

Zetrix AI provides e-government services between the Malaysian government and its citizens and businesses. Services include the road transport segment, immigration segment, and blockchain segment.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,016.9	1,335.3	1,449.4	1,462.7	1,691.8
EBITDA	806.1	1,050.0	1,250.1	1,257.3	1,487.5
Operating profit	751.3	984.3	1,136.9	1,095.3	1,281.8
Net profit (rep./act.)	679.8	900.6	1,045.5	1,023.2	1,224.8
Net profit (adj.)	679.8	900.6	1,045.5	1,023.2	1,224.8
EPS	9.2	11.5	13.3	13.0	15.6
PE (x)	8.7	7.0	6.0	6.2	5.1
P/B (x)	2.1	1.7	1.4	1.2	1.0
EV/EBITDA (x)	8.4	6.7	5.4	5.0	4.0
Dividend yield (%)	3.4	3.9	3.7	4.1	4.9
Net margin (%)	66.8	67.4	72.1	70.0	72.4
Net debt/(cash) to equity(%)	31.2	30.6	17.2	7.4	0.0
Interest cover (x)	12.1	12.6	14.1	17.6	27.5
ROE (%)	30.9	34.0	34.2	29.8	31.4
Consensus net profit	n.a	n.a	1,041.5	1,011.2	1,131.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.1

Source: Zetrix AI Berhad, Bloomberg, UOB Kay Hian

- **Deepening blockchain use-cases with "Avatar".** The launch of "Avatar" marks Zetrix's foray into the agentic AI ecosystem. Generally, users including consumers, companies and influencers or creators can train a PKM that thinks, communicates, and represents them in daily work and interactions. This allows digital or autonomous interactions for personal or business use-cases at scale, highly improving efficiency and lowering costs. We understand that the "Avatar" platform will be launched in China with CAICT, while operations in other countries will be fully managed by Zetrix. "Avatar" is expected to lift Zetrix's earnings and promote higher adoption of Zetrix blockchain.
- **Setting up a global data exchange.** Separately, Zetrix is also partnering with Shenzhen Data Exchange to set up a global data exchange which enables trading of private data. Being the founding member and lead ASEAN representatives of the World Data Organisation (WDO), Zetrix aims to deepen international cooperation regarding data and improving global data governance. While sale of data is a huge addressable market (RMB50b data transacted within China in 2025), Zetrix will be able to monetise through facilitating companies to anonymise their database and earn a commission from each data transaction on the platform.
- **World Bank's IFC US$40m equity investment a "vote of confidence", allowing better adoption of Zetrix's services.** World Bank's investment arm International Finance Corporation (IFC) invested US$40m (around RM155.6m) for a 2.5% stake in Zetrix via a private placement earlier this week. The funding will support Zetrix's development and rollout of blockchain-based digital public infrastructure applications and AI tools in Malaysia and across ASEAN. We also anticipate that Zetrix can leverage on World Bank's global presence (across 108 countries) to push adoption of Zetrix solutions in other emerging markets, besides promoting its SPV listing.
- **My Digital ID entering use-case stages, awaiting official launch.** Locally, Zetrix has been developing the MY Digital ID Superapp with MIMOS. MY Digital ID Superapp integrates databases from multiple government agencies and provides Single Sign On (SSO) login for identity and credentials verifications. Some of these government-related applications include NIISe SuperAPP, MySejahtera, MyJPJ, MyHRMIS. We anticipate that NIISe SuperApp and social media age verifications will boost My Digital ID signups meaningfully in 2026. Overall, Zetrix will monetise these projects through one-off registration fees and recurring income via subscription modules for any commercial entity using MY digital ID as single-login user ID solutions.

Valuation/Recommendation

- **Maintain BUY and target price of RM1.56,** pegged to 11.7x 2026F PE (-1SD below mean). Overall, we think that Zetrix may be re-rated if several catalysts such as better cash flow conversion, lower gearing following the spin-off of its web3 business as an SPV and growing dividend yields following record earnings, can materialise.

Environmental, Social, Governance (ESG) Updates

Environmental

- MYEG's carbon footprint is limited to energy consumed in an office environment and does not impact biodiversity or climate change in any significant way.

Social

- Subscribed to the United Nations International Bill of Human Rights.
- Spent RM2.5m in community investment to support over 50 charity groups in 2021.

Governance

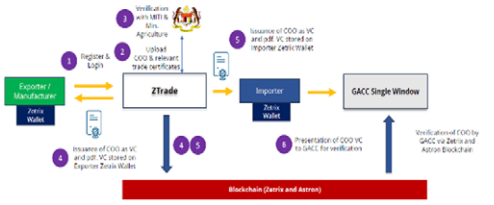
- Comprehended and applied Malaysian Code on Corporate Governance (MCCG).

PBT By Segment

	FY26F	FY27F	FY28F
Core PBT Breakdown	1,048.06	1,023.93	1,227.75
Foreign Worker	185.18	196.24	201.06
Accommodation	2.95	3.02	3.09
Road Transportation	158.72	166.66	174.99
Others	15.23	15.38	15.53
Zetrix and World ID	685.98	642.64	833.08

Source: UOB Kay Hian

Ztrade's Process Flow



Source: Zetrix AI Berhad, UOB Kay Hian

Zetrix's Product Roadmap

2Q22	- Launch of ZTX mainnet - Build and test the proof of concept iteratively with NFT marketplace and Covinsure dapps. - Developer SDK published - Develop operating models and governance
3Q22	- Achieve interoperability with other chains, ie Xinghuo, Ethereum, Polygon. - Launch of crosschain BID/VC with Xinghuo - Launch of ZTX token sale - Marketing of BID registration in all market excluding China
4Q22	- Launch of crosschain NFT transfers with Xinghuo - Launch of Web 3 Domain Name Registry - Launch of Self Sovereign Identity usecase for both product and individual
1Q23	- Pilot of Cross border deep tier supply chain financing and traceability
2Q23	- Announced co-research of AI development with CAICT as part of initial inter-government blockchain research
4Q23	- IEO of Zetrix coins
3Q24	- Official rollout of cross-border blockchain trade facilitation services with China
2025	- Rollout of NurAI - Rollout of Miss Universe Voting App - Rollout of My Digital ID Super App (JV with MIMOS)
2026	- Secured US$40m investment from Worldbank's IFC - Launch of "Avatar" agentic AI platform with CAICT - Signing of agreement with Shenzhen Data Exchange for setting up of a global data exchange in 2Q26. - SPAC listing of blockchain SPV on Nasdaq expected to be completed in 4Q26

Source: Zetrix AI, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	1,335	1,449	1,463	1,692
EBITDA	1,050	1,250	1,257	1,487
Deprec. & amort.	66	113	162	206
EBIT	984	1,137	1,095	1,282
Net interest income/(expense)	(83)	(89)	(71)	(54)
Pre-tax profit	901	1,048	1,024	1,228
Tax	(2)	(2)	(2)	(3)
Minorities	1	(0)	1	(0)
Net profit	901	1,045	1,023	1,225
Net profit (adj.)	901	1,045	1,023	1,225

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	333	1,019	1,457	1,852
Other LT assets	3,482	3,467	3,469	3,471
Cash/ST investment	533	595	686	780
Other current assets	1,223	1,037	1,043	1,145
Total assets	5,571	6,140	6,676	7,266
ST debt	117	117	117	117
Other current liabilities	124	194	264	235
LT debt	1,564	1,264	964	664
Other LT liabilities	26	9	9	9
Shareholders' equity	3,746	4,561	5,329	6,247
Minority interest	(5)	(5)	(7)	(6)
Total liabilities & equity	5,571	6,140	6,676	7,266

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	926	1,393	1,249	1,302
Pre-tax profit	901	1,048	1,024	1,228
Tax	(2)	(2)	(2)	(3)
Deprec. & amort.	66	113	162	206
Associates	0	0	0	0
Working capital changes	(52)	233	63	(132)
Other operating cashflows	0	0	0	0
Investing	(1,188)	(800)	(600)	(600)
Capex (growth)	(1,046)	(800)	(600)	(600)
Investments	49	34	35	36
Proceeds from sale of assets	0	0	0	0
Others	(192)	(34)	(35)	(36)
Financing	431	(532)	(557)	(608)
Dividend payments	(212)	(230)	(256)	(306)
Issue of shares	0	0	0	0
Proceeds from borrowings	569	0	0	0
Loan repayment	(125)	(302)	(302)	(302)
Others/interest paid	199	0	0	0
Net cash inflow (outflow)	169	62	91	94
Beginning cash & cash equivalent	374	533	595	686
Changes due to forex impact	(10)	0	0	0
Ending cash & cash equivalent	533	595	686	780

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	78.6	86.3	86.0	87.9
Pre-tax margin	67.5	72.3	70.0	72.6
Net margin	67.4	72.1	70.0	72.4
ROA	18.3	17.9	16.0	17.6
ROE	27.3	25.2	20.7	21.2
Growth				
Turnover	31.3	8.5	0.9	15.7
EBITDA	30.3	19.1	0.6	18.3
Pre-tax profit	31.6	16.3	(2.3)	19.9
Net profit	32.5	16.1	(2.1)	19.7
Net profit (adj.)	32.5	16.1	(2.1)	19.7
EPS	24.9	16.1	(2.1)	19.7
Leverage				
Debt to total capital	31.0	23.3	16.9	11.1
Debt to equity	44.9	30.3	20.3	12.5
Net debt/(cash) to equity	30.6	17.2	7.4	0.0
Interest cover	12.6	14.1	17.6	27.5

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